

Lisa R. Bouckennooghe, Esq. – NJ Attorney ID No. 015172004
THE WOLF LAW FIRM, LLC
1520 U.S. Highway 130 – Suite 101
North Brunswick, NJ 08902
(732) 545-7900 – TELEPHONE
(732) 545-1030 – FAX

Attorneys for Plaintiff and all putative class members

PH53 LLC and JIHUA LIU, on behalf of
themselves and the putative class,

Plaintiffs,

vs.

MORRIS INVEST LLC,
CLAYTON B. MORRIS,
NATALI MORRIS,
BLUE SKY PROPERTY
MANAGEMENT LLC,
CHRISTOPHER D. NEUSER,
HERBERT WHALEN, INDY
JAX WEALTH HOLDINGS
LLC, INDY JAX PROPERTIES
LLC, NATALIE BASTIN,
OCEANPOINTE
INVESTMENTS LIMITED,
OCEANPOINT INVESTMENTS
LLC, JP ANDERSON REALTY
GROUP d/b/a OCEANPOINTE
PROPERTY MANAGEMENT,

Defendants.

SUPERIOR COURT OF NEW JERSEY
MIDDLESEX COUNTY – LAW DIVISION

Civil Action

Docket No. MID-L-____-19

**CLASS ACTION COMPLAINT
AND JURY DEMAND**

Plaintiffs PH53 LLC, and JIHUA LIU (collectively “Plaintiffs”), on behalf of themselves and all others similarly situated, by and through their undersigned attorneys, by way of Complaint, state and allege matters pertaining to themselves and their own acts, upon personal knowledge, and as to all other matters, upon information and belief, based upon the investigation undertaken by their counsel, as follows:

NATURE OF THE ACTION

1. Plaintiffs bring this action for damages against Defendants Morris Invest LLC, Clayton B. Morris, Natali Morris, Blue Sky Property Management LLC, Herbert Whalen, Indy Jax Wealth Holdings LLC, Indy Jax Properties LLC, Natalie Bastin, Oceanpointe Investments Limited, Oceanpoint Investments LLC, JP Anderson Realty Group d/b/a Oceanpointe Property Management, (hereinafter collectively referred to as “Defendants”) for Defendants’ common course of unlawful and fraudulent conduct involving the sale of real estate in what appears to be a real estate investment Ponzi scheme.

2. Specifically, Defendants uniformly, routinely, and systematically lure persons to purchase, from and through Defendants, real estate investment properties and as part of the sale, market services to Plaintiffs which Defendants would never actually provide. Those services include but are not limited to rehab/repair of the property, marketing the property to prospective tenants for the generation of rental income, and management of the property, including but not limited to collecting rents and handling maintenance requests.

3. Plaintiffs, on behalf of themselves and the putative class, bring this suit for violation of the New Jersey Consumer Fraud Act, N.J.S.A. 56:8-1 *et seq.*, (“CFA”) and other common law claims.

4. As set forth below, Defendants have an organized scheme to defraud consumers to their own financial gain. The scheme is simple: Persons are lured into purchasing one or more single family homes, from and through Defendants, to be used as rental properties for the purpose of generating passive rental income for the purchasers. Defendants recruit purchasers through Clayton B. Morris and the Morris Invest podcast and blog, and via YouTube.

5. Plaintiffs, and others similarly situated, are told that the rental properties purchased from and through Defendants will be renovated and managed by Clayton B. Morris and Morris

Invest using the “acquisition” funds wired by Plaintiffs in furtherance of the purchase of the property by Plaintiffs.

6. Plaintiffs, and others similarly situated, are told that once Morris Invest completes the rehabilitation, Morris Invest would find, screen, and secure tenants for the rental properties and would act as property managers for the property.

7. In other words, Clayton B. Morris and Morris Invest represented to Plaintiffs that, for the money invested, Plaintiffs would receive a “turnkey” rental property, complete with paying tenant and property management services.

8. In fact, however, Clayton B. Morris and Morris Invest did not renovate the properties. Clayton B. Morris and Morris Invest did not place tenants in the properties. And Clayton B. Morris and Morris Invest did not manage the properties.

9. Instead, Defendants refused to renovate or manage the properties, rendering the properties uninhabitable and subject to growing municipal fines, feigning ignorance or passing blame to one another – all the while keeping the monies paid by Plaintiffs and those similarly situated.

10. As a result of Defendants’ misconduct, the properties purchased by Plaintiffs and those similarly situated remain uninhabitable, dilapidated, and dangerous, presenting a financial drain on exploited purchasers and a hazard to those local communities.

PARTIES

Plaintiffs

11. The Plaintiffs in this action are all purchasers of real estate investment services from and through Defendants.

12. Plaintiff PH53 LLC is a domestic limited liability company with a main business address at 28 Hampshire Drive, Plainsboro, New Jersey 08536 and is registered to do business in

the State of New Jersey.

13. Victor DeJesus and Michael DeJesus are individuals and are the two sole members of PH53 LLC. Victor DeJesus and Michael DeJesus are citizens of New Jersey and are residents of Plainsboro, New Jersey.

14. Plaintiff PH53 LLC is a citizen of New Jersey.

15. Plaintiff PH53 LLC purchased a property from Defendants located at 929 W. Roache Street, Indianapolis, Indiana.

16. Plaintiff Jihua Liu is a citizen of New Jersey and resides in Avenel, New Jersey.

17. Plaintiff Jihua Liu purchased property from Defendants located at 1148 W. 31st Street, Indianapolis, Indiana.

Defendants

Morris Invest LLC

18. Defendant Morris Invest, LLC is a Delaware limited-liability company with a principal business address at 29 Deerfield Drive, Florham Park, New Jersey 07932 and is registered to do business in the State of New Jersey.

19. Defendant Clayton B. Morris is a citizen of the State of New Jersey and is the sole General Partner in Defendant Morris Invest LLC.

20. Defendant Morris Invest LLC is a citizen of the State of New Jersey.

Clayton B. Morris

21. Defendant Clayton B. Morris is the sole member of Defendant Morris Invest, LLC and as such, sets the policies and practices of Morris Invest LLC.

22. Defendant Clayton B. Morris resides in New Jersey at 22 Deerfield Drive, Florham Park, New Jersey 07932. Defendant Clayton B. Morris is a citizen of New Jersey.

Herbert “Bert” Whalen

23. Bert Whalen was a licensed real estate salesperson in the State of Indiana. Bert Whalen’s license expired on June 30, 2010.

24. On December 28, 2015, the State of Indiana filed a Complaint against Bert Whalen alleging a violation of Indiana Code 25-1-11-5. An Administrative Law Judge Panel hearing was held and concluded on April 19, 2017. The Indiana Real Estate Commission reviewed the matter and the Panel Order at a public meeting on January 17, 2018. On January 24, 2018, the Indiana Real Estate Commission issued a Final Order and affirmed, by unanimous vote, that Bert Whalen’s Indiana Real Estate Salesperson License was to be permanently revoked.

25. Management of property without a valid real estate salesperson license is prohibited in the State of Indiana. *See* Indiana Code 25-34.1-30-2(a). The operation and/or management of a company that manages real estate without acting under the auspices of a principal broker is also prohibited in the State of Indiana. *See* Indiana Code 25-34.1-3-3.1(c).

26. At all times relevant to the Complaint, Bert Whalen was the authorized agent and/or manager of Indy Jax Wealth Holdings LLC, Indy Jax Properties LLC, OceanPoint Investments Limited, OceanPointe Investments LLC, and JP Anderson Realty Group d/b/a Oceanpointe Property Management and as such, sets the policies and practices of those entities.

27. Those entities, under Bert Whalen’s ownership and/or control, are engaged in the business of real estate sales and property management.

28. Upon information and belief, Bert Whalen resides at 10812 Portside Court, Indianapolis, Indiana and is a citizen of the State of Indiana.

Christopher D. Neuser

29. At all times relevant herein, Defendant Christopher D. Neuser was a principal and

operator of Indy Jax Wealth Holdings LLC and Indy Jax Properties LLC, and as such, set the policies and practices of those entities.

30. Christopher D. Neuser is a citizen of the State of Michigan.

Indy Jax Wealth Holdings LLC

31. Indy Jax Wealth Holdings, LLC was initially formed in the State of Michigan on April 7, 2017 under the name Oceanpoint Holdings, LLC. The name of the company was changed to Indy Jax Wealth Holdings, LLC on January 3, 2018.

32. Indy Jax Wealth Holdings LLC was also formed as a limited liability company in the State of Indiana on September 4, 2018.

33. Indy Jax Wealth Holdings LLC (IN) has a principal business address of 11715 Fox Road, Suite 400-107, Indianapolis, IN 46236.

34. Indy Jax Wealth Holdings LLC (IN) is a sole member LLC.

35. Indy Jax Wealth Holdings LLC identifies an individual Chris Neuser as its member and manager.

36. Upon information and belief, Chris Neuser is a resident of the State of Michigan.

37. Indy Jax Wealth Holdings LLC is a citizen of the State of Michigan.

38. Indy Jax Wealth Holdings LLC has designated an email address at which electronic service of process may be accepted and is publicly viewable. The email address is hfwhalen@gmail.com.

39. The email address hfwhalen@gmail.com belongs to Herbert Whalen.

40. Bert Whalen, along with Chris Neuser, was responsible for setting the policies and practices of Indy Jax Wealth Holdings LLC complained of herein.

Indy Jax Properties LLC

41. Indy Jax Properties, LLC was initially formed in the State of Michigan on October 10, 2017 under the name Oceanpoint Properties, LLC. The name of the company was changed to Indy Jax Properties, LLC on January 4, 2018.

42. Indy Jax Properties LLC was formed as a limited liability company in the State of Indiana on September 4, 2018.

43. Indy Jax Properties LLC (IN) has a principal business address of 11715 Fox Road, Suite 400-107, Indianapolis, IN 46236.

44. Indy Jax Properties LLC is a sole member LLC.

45. Indy Jax Properties LLC identifies an individual named Chris Neuser as its member and manager.

46. Upon information and belief, Chris Neuser is a resident of the State of Michigan.

47. Indy Jax Wealth Properties LLC is a citizen of the State of Michigan.

48. Indy Jax Properties LLC has designated an email address at which electronic service of process may be accepted and is publicly viewable. The email address is hfwhalen@gmail.com.

49. The email address hfwhalen@gmail.com belongs to Herbert Whalen.

50. Bert Whalen, along with Chris Neuser, was responsible for setting the policies and practices of Indy Jax Wealth Holdings LLC complained of herein.

Natalie Bastin

51. At all times relevant herein, Defendant Natalie Bastin was a principal and operator of Oceanpoint Investments Limited and JP Anderson Realty Group LLC d/b/a Oceanpoint Property Management and as such, sets the policies and practices of those entities.

52. Natalie Bastin is a citizen of the State of Indiana.

OceanPointe Investments Limited

53. OceanPointe Investments Limited is a foreign for-profit corporation formed under the laws of the State of Indiana on February 13, 2015.

54. OceanPointe Investments Limited has a principal office address at 11715 Fox Road, Suite 400-107, Indianapolis, IN 46236.

55. At all relevant times herein, Natalie Bastin was the President of Oceanpointe Investments Limited and as such set the policies and practices of the corporation.

56. At all relevant times herein, Bert Whalen was the Vice President and CEO for Oceanpointe Investments Limited and as such set the policies and practices of the corporation.

57. Oceanpointe Investments Limited has designated an email address at which electronic service of process may be accepted and is publicly viewable. The email address is hfwhalen@gmail.com.

58. The email address hfwhalen@gmail.com belongs to Herbert Whalen.

59. OceanPointe Investments Limited was administratively dissolved on September 28, 2018.

Oceanpoint Investments LLC

60. Oceanpoint Investments LLC was formed under the laws of the State of Indiana on May 29, 2012.

61. Oceanpoint Investments LLC had a principal place of business at 12634 Shorevista Drive, Indianapolis, Indiana.

62. Oceanpoint Investments LLC's sole member was Bert Whalen.

63. The Manager of Oceanpoint Investments LLC was Bert Whalen, and as such he set

the policies and practices therein.

64. Bert Whalen is a citizen of the State of Indiana.

65. As such, Oceanpoint Investments LLC is a citizen of the State of Indiana.

66. Oceanpoint Investments LLC was administratively dissolved on September 10, 2015.

JP Anderson Realty Group LLC d/b/a Oceanpoint Property Management

67. JP Anderson Realty Group LLC is a limited liability company formed on December 11, 2017 under the laws of the State of Indiana with a principal business address at 4420 McCoy Street, PO Box 26564, Indianapolis, Indiana.

68. JP Anderson Realty Group LLC identifies Natalie Bastin as its President and sole member.

69. Natalie Bastin is a citizen of the State of Indiana.

70. JP Anderson Realty Group LLC is a citizen of the State of Indiana.

71. JP Anderson Realty Group LLC began transacting business under the name Oceanpointe Property Management effective January 11, 2018.

72. At all relevant times herein, Bert Whalen, along with Natalie Bastin, set the policies and practices of Oceanpoint Property Management.

73. JP Anderson Realty Group ceased doing business under the assumed name of Oceanpointe Property Management LLC on June 25, 2018.

74. JP Anderson Realty Group LLC dissolved effective August 31, 2018.

75. Oceanpointe Property Management had a principal business location at 5868 E 71st Street, Suite E340, Indianapolis, IN 46220.

Blue Sky Property Management LLC

76. Blue Sky Property Management LLC (“Blue Sky”) was formed by Clayton B. Morris to conduct rehabilitation and property management services for Morris Invest properties.

77. Blue Sky Property Management LLC was formed as a limited liability company under the laws of the State of Indiana effective March 6, 2018.

78. The sole member of Blue Sky Property Management LLC is Clayton B. Morris.

79. The Managers of Blue Sky Property Management LLC were Clayton B. Morris and Natali Morris and as such, they set the policies and practices therein.

80. Blue Sky Property Management LLC had a principal office at 29 Deerfield Drive, Florham Park, NJ 07932.

81. Clayton B. Morris and Natali Morris are citizens of the State of New Jersey.

82. As such, Blue Sky Property Management LLC is a citizen of the State of New Jersey.

83. Effective May 16, 2018, Blue Sky Property Management changed its principal office address to 5868 E 71st Street, Suite E340, Indianapolis, IN 46220-5873.

84. Also effective May 16, 2018, Blue Sky Property Management changed its Manager to Steve Rogers.

85. Blue Sky Property Management LLC dissolved effective May 30, 2018 and transferred its business to Brick Lane Property Management LLC d/b/a HomeRiver Group Indianapolis.

Natali Morris

86. Defendant Natali Morris was a Manager of Blue Sky Property Management LLC and as such, set the policies and practices of that entity.

87. Defendant Natali Morris resides in New Jersey at 22 Deerfield Drive, Florham Park, New Jersey 07932.

88. Defendant Natali Morris is a citizen of New Jersey.

* * *

89. At all relevant times hereto, Defendants were and are doing business within this District and continue to do business in this District, offering real estate investment services for sale in this District to New Jersey consumers.

90. Notwithstanding corporate formalities, Defendants have combined operations, and at all times material to this litigation, Defendant Clayton B. Morris and Morris Invest actively directed and controlled the daily activities of Defendants and totally dominated it, to the extent that Defendants manifested no separate corporate interests of their own and functioned to achieve the purposes of Defendant Clayton B. Morris and Morris Invest.

91. At all times material hereto, Defendants are responsible for the occurrences and damages alleged herein, and Plaintiffs and Class Members' damages were caused by said Defendants.

92. At all material times hereto, Defendants acted in concert with each other, intended to and did participate in the events, acts, practices and courses of conduct alleged herein, and were the cause of damages and injury thereby to Plaintiffs and Class Members.

93. At all material times hereto, the acts complained of, and otherwise attributable to each Defendant, were executed and performed by its agents or personnel, which were at the time within the scope and actual or apparent authority of Defendants.

94. As set forth above, at all material times hereto the operations of Defendants were seamlessly integrated and each actively participated in the business practices about which

Plaintiffs' complain.

95. Whenever in this Complaint reference is made to any act or omission of a corporate defendant, limited liability company, partnership or other entity, such allegation shall be deemed to mean that the directors, officers, members, managers, agents, employees, distributors, partners, contractors, third-party sales agencies or representation of said corporate defendant, limited liability company, member, partnership or other entity, did, set the policies and practices complained of herein, and/or authorized or commanded such act or omission while actively engaged in the management, operation, control or representation of the affairs of said corporate defendant, limited liability company, partnership or entity, and while acting within the course and cope of their agency, distributorship, contract, employment, representation, and capacity.

VENUE

96. Venue is this action properly lies in Middlesex County because Plaintiffs are residents of Middlesex County; as acts and/or omissions giving rise to Plaintiffs' claims occurred there; and Defendants have conducted business activities in an ongoing basis in Middlesex County and the State of New Jersey at all times material hereto.

FACTUAL ALLEGATIONS AND BACKGROUND

97. Defendant Clayton B. Morris claims to have started Morris Invest to help individuals attain financial freedom and grow their personal wealth through passive income.

98. Defendant Clayton B. Morris is a self-described real estate investor, host of *Investing in Real Estate* Podcast, and former co-host on the Fox & Friends Weekend show.

99. At all relevant times herein, Defendant Clayton B. Morris was a principal member and operated Morris Invest LLC, and set the policies and practices of Morris Invest complained of herein.

100. Defendants have organized a scheme to defraud consumers to their own financial

gain. The scam is uniformly designed to lure persons into the purchase of real estate investment services with the promise that the property is rentable or will be rehabilitated into rentable condition when, in fact, the property is uninhabitable.

101. Defendants lure potential purchasers by advocating Morris Invest's program through blogs, YouTube videos, and a podcast.

102. Through Morris Invest, Defendants are engaged in the business of recruiting consumers to purchase "real estate investment services," which includes real property,

103. Through Morris Invest, Defendants present real estate investment opportunities, such as real property, to sell to consumers, including Plaintiffs. These "opportunities" include as part of the sale Clayton B. Morris's investment expertise, rehab/repair of the property, marketing the property to prospective tenants for the generation of rental income, and management of the property on behalf of Plaintiffs including but not limited to collecting rents and handling maintenance requests.

104. Clayton B. Morris, through Morris Invest, represents that he and Morris Invest will continue to work with their clients, including Plaintiffs, with the real estate investment process and with the management of investment properties.

105. Contrary to those express representations, however, neither Clayton B. Morris nor Morris Invest provided any of the purchased services.

106. Morris Invest did not rehabilitate or repair the property, did not market the property to prospective tenants for the generation of rental income, and did not manage the property on behalf of Plaintiffs or those similarly situated.

107. Rather, Morris Invest was only one of a number of entities that were acting in concert to lure consumers to purchase real estate investment services with the false promise that

property would be rehabilitated, rented, and generate passive rental income and that Morris Invest would be responsible for rehabilitating the property, identifying and securing a tenant, and managing the property.

108. In reality, however, Clayton B. Morris and Morris Invest had partnered with Bert Whalen, a former real estate salesperson whose license to sell and manage real estate had expired in 2010 and who was the subject of an action brought by the State of Indiana Real Estate Commission seeking to have his real estate license permanently revoked since at least December 2015.

109. Mr. Whalen's real estate salesperson's license was revoked upon, in part, a determination by the State of Indiana Real Estate Commission that Mr. Whalen had not turned over rent money he had collected for a property owner.

110. As a result, Mr. Whalen's real estate salesperson's license was permanently revoked on January 24, 2018.

111. Even prior to this event, however, Bert Whalen was sued in 2011 in Marion County, Indiana in a lawsuit which alleged that Mr. Whalen fraudulently failed to comply with the contractual terms of a real estate deal. Knee v. Herbert F. Whalen, IV, Superior Court of Indiana, Court No. 7, Marion County, Cause No. 49d07-1108-PL-3344. A default judgment was entered against Mr. Whalen in that matter on December 9, 2011.

112. The following year, Bert Whalen filed for bankruptcy. In re Herbert Francis Whalen IV, United States Bankruptcy Court, Southern District of Indiana, Case No. 12-09615-JMC-17, Chapter 17, filed on August 13, 2012.

113. Included in the bankruptcy filing were three real properties in which he sought discharge of the costs of code violations for abandoned properties.

114. Despite his background, Clayton B. Morris and Morris Invest brought Bert Whalen under the Morris Invest umbrella, along with his related business entities, JP Anderson Group d/b/a Oceanpointe Property Management, OceanPointe Investments Limited, Oceantpoint Investments LLC, Indy Jax Properties LLC, and Indy Jax Wealth Holdings LLC, in furtherance of this scheme.

115. Clayton B. Morris offered real estate investment services for sale to New Jersey consumers, such as Plaintiffs, and executed Purchase Agreements for real property in his own name as “Seller.”

116. In reality, however, the properties sold to New Jersey purchasers such as Plaintiffs were not owned by Clayton B. Morris or Morris Invest. On November 18, 2017, the date on which Plaintiff PH53 LLC’s Purchase Agreement was executed, the real property was owned by “Oceanpoint Holdings LLC.”

117. Oceanpoint Holdings LLC is not and was not registered to do business in the State of Indiana. Oceanpoint Holdings LLC was initially formed in the State of Michigan on April 7, 2017 and changed its name to Indy Jax Wealth Holdings, LLC on January 3, 2018.

118. Similarly, the real property purchased by Plaintiff Jihua Liu was actually owned by Indy Jax Properties LLC on April 3, 2018, the date of the sale.

119. The property records for the real property purchased by Plaintiffs from Morris Invest reflect that neither Clayton B. Morris nor Morris Invest ever owned the real property sold to them.

120. After the deal had been closed and the real property had been sold, Morris Invest arranged for purchasers to enter into property management agreements for property maintenance and rent collection.

121. Plaintiff PH53 LLC entered into a property management agreement with “Oceanpointe” on December 1, 2017. That property management agreement was executed by Natalie Bastin on Oceanpointe’s behalf.

122. Oceanpointe did not rehabilitate the property purchased by Plaintiffs and those similarly situated.

123. Plaintiff Jihua Liu entered in a property management agreement with Blue Sky Property Management on April 20, 2018.

124. Blue Sky Property Management was an entity formed by Clayton Morris and Natali Morris to maintain and manage the properties sold under the Morris Invest umbrella.

125. Blue Sky Property Management was formed in March 2018 and was described as having “a combined 30 years in property management experience; but we have also brought in key members with expertise in areas such as process improvement, client relations, construction management and customer service.” It was further described as “dedicated to honesty, integrity, and a passion for providing an excellent Owner experience.”

126. Blue Sky Property Management closed a short three months later, admitting it “lacked the experience” to be successful and was “unable to meet the needs of the hundreds of investors we were servicing.”

127. Blue Sky Property Management also failed to rehabilitate the property purchased by Plaintiffs and those similarly situated.

128. Morris Invest never disclosed to purchasers of its services that the properties sold by and through Morris Invest were not being rehabilitated as promised.

129. Morris Invest did not publicly announce that they were cutting ties with Oceanpointe Property Management and Oceanpointe Investments - in their Indianapolis markets only - until early May 2018.

130. Despite this public denunciation of Oceanpointe, at no time did Morris Invest, or any Defendants, refund any monies paid by Plaintiffs for the cost of rehabilitation that was not undertaken, or the cost of property management that was not performed.

131. To date, Defendants deny any responsibility to Plaintiffs and others similarly situated, each claiming to have been hoodwinked by the other's misrepresentations and misdeeds.

132. Defendants, by and through Clayton B. Morris and Morris Invest, continue to offer real estate investment services, offering distressed real estate for sale to consumers in the State of New Jersey with the promise of rehabilitation, rental income, and property management.

FACTUAL ALLEGATIONS OF NAMED-PLAINTIFFS

Plaintiff PH53 LLC

133. Plaintiff PH53 LLC was recruited to purchase real estate investment services through Morris Invest's YouTube channel. After watching Clayton B. Morris describe Morris Invest's services, on November 11, 2017, Victor DeJesus emailed Clayton B. Morris to advise that he would be interested in purchasing turnkey real estate investment.

134. Impressing a sense of urgency on Plaintiff, Clayton B. Morris, on behalf of Morris Invest, responded that the properties "sell very fast" when they come in.

135. Shortly thereafter, on November 18, 2017, Larry Blessman on behalf of Morris Invest forwarded to Victor DeJesus information pertaining to a property located at 929 W. Roache Street, Indianapolis, Indiana 46208 with an acquisition cost of \$42,500. The price included \$12,000 in rehabilitation costs.

136. On November 18, 2017, Victor DeJesus and Michael DeJesus, on behalf of PH53 LLC, executed a Purchase Agreement for the property located at 929 West Roache Street, Indianapolis, Indiana for a total purchase price of \$42,500.

137. The purchase agreement included as a further condition that “the purchase price listed above includes the rehab of this property. The seller agrees to rehab this property to rent ready condition. All rehab work on this property will be guaranteed for one year from settlement date, this includes repair or replacement.”

138. The Purchase Agreement was signed by Clayton Morris as “Seller.”

139. Included in the purchase price was a total of \$12,000 for repairs to the property located at 929 W. Roache Street, Indianapolis, Indiana 46208.

140. After signing the purchase contract, Victor DeJesus emailed Clayton B. Morris to inquire about negative comments online regarding Oceanpoint Investments and whether they should be used for rehabilitation of the property.

141. In response, Clayton B. Morris, on behalf of Morris Invest, responded to Victor DeJesus and assured him that he has the “highest ROI low expenses product out there,” and that those negative comments are made by competitors trying to steal his business.

142. On November 27, 2017, Victor DeJesus, on behalf of Plaintiff PH53 LLC, caused funds in the amount of \$42,500 to be wired in furtherance of the purchase of the property.

143. On November 28, 2017, Plaintiff purchased from “Oceanpoint Holdings LLC,” later known as Indy Jax Wealth Holdings LLC, the property located at 929 West Roache Street, Indianapolis, Indiana 462087.

144. On December 1, 2017, Natalie Bastin on behalf of Oceanpointe Property Management executed a property management agreement for the property located at 929 W Roache Street, Indianapolis, Indiana 46208.

145. Plaintiff PH53 LLC was further instructed to provide direct deposit information for receipt of rental payments from Oceanpointe Investments Limited.

146. On December 19, 2017, Victor DeJesus on behalf of PH53 LLC inquired of Larry Blessman at Morris Invest whether the rehabilitation had yet been started on the property. He did not receive a response to this inquiry.

147. On February 20, 2018, an Order to Repair was issued by the City of Indianapolis finding that the property was unsafe.

148. On March 12, 2018, Victor DeJesus was advised by Linzi DelConte, Transaction Coordinator with Morris Invest, that “the rehab team will make sure that the property is safe home for tenants to live in.”

149. On July 19, 2018, the Marion County Public Health Department issued a notice of violation outlining numerous code violations.

150. On August 1, 2018, an invoice from Brick Lane Property Management was issued relating to the removal of raw sewage from the basement and remediation.

151. By Statement dated August 23, 2018, Plaintiff PH53 LLC learned that the municipality assessed a fee for “Nuisance” related to cracks in the foundation.

152. Plaintiff PH53 LLC ultimately unburdened himself of the property through a sale to a third-party on April 29, 2019 for a contract sale price of \$17,500.

Plaintiff Jihua Liu

153. On March 23, 2018, Dave Koehn, Distribution Manager at Morris Invest, advised Plaintiff Jihua Liu that Linzi Del Conti, Transaction Coordinator with Morris Invest, would be sending him a purchase agreement for his execution for the real property located at 1148 West 31st Street, Indianapolis, Indiana 46208.

154. Plaintiff Jihua Liu was advised by Dave Koehn, on behalf of Morris Invest, that upon signing and returning the purchase agreement, the property would be held for him through this “simple buying process.”

155. On March 26, 2018, Nicole Meckley, Operations Manager at Morris Invest, advised Plaintiff Liu that he should utilize Blue Sky Property Management in Indianapolis for the rehabilitation of the property. Ms. Meckley advised that the reason for this particular recommendation was that it was “best to keep everything local.”

156. Prior to closing, Plaintiff Liu inquired as to an estimate of the timeline for completion of the rehabilitation of the property he was to purchase. Nicole Meckley, on behalf of Morris Invest, further advised that she could not provide a date certain for completion of the rehabilitation but that “we aim to wrap up all rehabs within 10 to 12 weeks.” She further advised that pictures would be provided upon completion.

157. On April 2, 2018, Plaintiff was instructed to sign and return via email the closing documents to purchase the property and to wire \$50,000.00 as the purchase price for the property. The cost of rehabilitation of the property was included in the purchase price.

158. On April 4, 2018, Plaintiff Jihua Liu and his wife, Li Wang, wired the amount of \$50,160.00 to purchase the real property located at 1148 West 31st Street, Indianapolis, Indiana 46208 from Indy Jax Properties, LLC.

159. By email dated April 5, 2018, Nicole Meckley of Morris Invest, advised Plaintiff that the official closing date on the property was April 4, 2018 and that “your rehab on this property will begin now that the property is closed.”

160. However, rehabilitation did not begin on the property. Instead, by email dated June 1, 2018, Plaintiff received correspondence from Clayton B. Morris on behalf of Blue Sky. Plaintiff was advised that Blue Sky would no longer be in business by the end of June and that the business would be transitioned to HomeRiver Indianapolis.

161. The email went stated that Blue Sky was opened “to handle what we thought was an overflow of business from Oceanpointe Property Management.” It went on to state that “we lacked the experience and proximity to this business to make it succeed.”

162. On Monday, June 11, 2018, Plaintiff inquired of Linzi Del Conte the status of the rehabilitation project. Plaintiff was unable to obtain a response.

163. By email dated June 18, 2018, Pamela Strickland of Blue Sky advised that they had a referral agreement with Oceanpointe to introduce buyers who were interested in rent-ready homes. He was further advised that Oceanpointe would provide Morris Invest with updates on rehab status of homes as part of that referral agreement.

164. To Plaintiff’s knowledge, he did not purchase property from Oceanpointe and was not referred to Oceanpointe at any point in his transaction with Morris Invest.

165. The email from Pamela Strickland went on to disclaim that Morris Invest ever received any monies in connection with rehab or management of properties. Morris Invest claimed to be compensated only through a referral fee if a home was purchased.

166. To date, the real property owned by Plaintiff has not been rehabilitated by Defendants.

CLASS ALLEGATIONS

167. This action is brought and may properly proceed as a class action, pursuant to the provisions of Rule 4:32(b)(3) of the New Jersey Court Rules. Plaintiffs bring this action on behalf of themselves and the putative class members. Plaintiffs seeks certification of a class initially defined as follows:

All persons who resided in the State of New Jersey on the date this Complaint was filed and who at any time on or after the day six years prior to the date this Complaint was filed purchased real property from Defendants where the purchase price included the cost for rehabilitation of the property and that property was not rehabilitated.

Excluded from the Class are Defendants, any entity in which Defendants have a controlling interest, and its legal representatives, officers, directors, employees, assigns, and successors; (b) the Judge to whom this case is assigned and any member of the Judge's immediate family; and (c) individuals with claims for personal injury, wrongful death and/or emotional distress.

168. **Numerosity**: The members of the Class are so numerous and diverse that joinder of them all is impracticable. The identifies of class members can be readily ascertained from Defendants' records. Class Members can be notified of this class action via publication and U.S. Mail, e-mail, social media forums, and at addresses which Defendants have in their business records or records in their possession, custody or control. The exact size of the Class can be ascertained through appropriate discovery and class notice.

169. **Commonality and Predominance**: There are common questions of law and fact that predominate over any questions affecting only individual members of the Class. These common legal and factual questions include, but are not limited to, the following:

- a. Whether Defendants offered real estate for sale to Plaintiffs and other members of the Class and included rehabilitation for the property in the purchase offer;
- b. Whether Defendants advertised that they would renovate and manage the real property sold to Plaintiffs and the other members of the Class and failed to do so;

- c. Whether Defendants advertised that they would renovate and manage the real estate sold to Plaintiffs and the other members of the Class and did not intend to provide those services;
- d. Whether Defendants' foregoing conduct is a violation of the Consumer Fraud Act;
- e. Whether Defendants' acts and/or omissions entitle Plaintiffs and the other members of the Class to treble damages, attorneys' fees, prejudgment interest and cost of suit;
- f. Whether, as a result of Defendants' actions, Plaintiffs and the other members of the Class have suffered ascertainable losses, and whether Plaintiffs and the other members of the Class are entitled to monetary damages and/or other remedies, and if so the nature of any such relief; and
- g. Whether Defendants are required to rehabilitate the properties pursuant to the terms of the purchase agreements;
- h. Whether Defendants' failure to rehabilitate the properties is a breach of contract;
- i. Whether, as a result of Defendants' breach, Plaintiffs have suffered monetary damages;
- h. Whether Defendants' failure to rehabilitate the property has resulted in Defendants' obtaining money to which they have no lawful claim;
- i. Whether, as a result of Defendants' misconduct, Defendants have been unjustly enriched.

170. **Typicality**: The claims of the individual named Plaintiffs are typical of the claims of the Class in that Plaintiffs allege a common course of conduct by Defendants toward members of the Class. Plaintiffs and the other members of the Class seek identical remedies under identical legal theories, and Plaintiffs' claims do not conflict with the interests of any other members of the Class in that the Plaintiffs and the other members of the Class were subject to the same conduct and suffered the same harm.

171. **Adequacy**: The individual named Plaintiffs will fairly and adequately represent the interests of the Class. Plaintiffs' claims are coextensive with, and not antagonistic to, the claims

of the other members of the Class. Plaintiffs are committed to the vigorous prosecution of the Class' claims and have retained attorneys who are highly qualified to pursue this litigation and have experience in class actions, including consumer protection actions.

172. **Superiority**: Certification under Rule 4:32(b)(3) will also be appropriate because a class action is superior to other available methods for the fair and efficient adjudication of this controversy given the relatively small amount of fees imposed on consumers, the complexity of the issues involved in this litigation, and the significant costs of litigation, and absent a class action, it is very likely prosecution of the claims set forth herein would not occur. Furthermore, since joinder of all members is impracticable, a class action will allow for an orderly and expeditious administration of the claims of the Class and will foster economies of time, effort and expense.

173. Plaintiffs do not anticipate any difficulty in the management of this litigation.

COUNT ONE
(Violation of the New Jersey Consumer Fraud Act, N.J.S.A. § 56:8-1 *et seq.* (the "CFA"))
(As to all Defendants)

174. Plaintiffs, on behalf of themselves and all others similarly situated, repeat and reallege all prior allegations as if set forth at length herein.

175. Plaintiffs are persons and pursuant to N.J.S.A. § 56:8-1(d).

176. Defendants are subject to the CFA, N.J.S.A. § 56:8-1 *et seq.*

177. N.J.S.A. § 56:8-2 provides that Defendants have a duty not to engage in "any unconscionable commercial practice, deception, fraud, false pretense, false promise, misrepresentation, or the knowing concealment, suppression, or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale or advertisement of any merchandise or real estate, or with the subsequent performance

of such aforesaid, whether or not any person has in fact been misled, deceived or damaged thereby;...”

178. Defendants have engaged in deceptive, unconscionable, unfair, fraudulent and/or misleading commercial practices in the advertising, promoting, marketing, and sale of real estate, property rehabilitation, and property management services in violation of the CFA.

179. Plaintiffs, and others similarly situated, were told that the properties purchased from and through Defendants would be renovated and managed by Clayton B. Morris and Morris Invest using the “acquisition” funds wired by Plaintiffs in furtherance of the purchase of the property by Plaintiffs and that, once rehabilitated, Clayton B. Morris and Morris Invest would find, screen, and secure tenants for the rental properties and would act as property managers for the property.

180. These affirmative misrepresentations of fact are so material to the decision of Plaintiffs and the Class Members to purchase real estate investment services from Defendants that it deprives Plaintiffs and those similarly situated of the ability to make an intelligent, informed decision.

181. Contrary to these representations, Defendants did not rehabilitate or manage the properties.

182. Defendants’ advertisement, promotion, marketing and offering for sale turnkey real estate, property rehabilitation and/or property management services which they did not intend to provide was an unconscionable commercial practice in violation of the CFA.

183. Defendants had a policy and practice of advertising, promoting, marketing, and offering real estate, property rehabilitation services, and/or property management services which they did not intend to provide.

184. Defendants had a policy and practice of selling property rehabilitation services and/or property management services which they did not intend to provide.

185. The policies and practices of the corporate/LLC Defendants named herein was and is set by the individual owners, operators, members, and/or managers named as individual Defendants herein.

186. Defendants' policy and practice of advertising, promoting, marketing, and offering real estate, property rehabilitation services, and/or property management services which they did not intend to provide was an unconscionable commercial practice in violation of the CFA.

187. Defendants' policy and practice of selling property rehabilitation services and/or property management services which they did not intend to provide was an unconscionable commercial practice in violation of the CFA.

188. Defendants violated the CFA by engaging the pattern and practice of deceiving, misleading, misrepresenting, and/or knowingly concealing material facts regarding the services that would be provided in connection with the sale of real estate, rehabilitation, and property management services, including but not limited to that the property would be rehabilitated and that Morris Invest would be responsible for the rehabilitation and management of the properties. Defendants' conduct lacks honesty in fact, fair dealing, and good faith and has the capacity to mislead consumers acting reasonably.

189. Defendants intended that Plaintiffs and other members of the Class would rely upon its acts of misrepresentation and omission.

190. Defendants' unfair or deceptive acts or practices occurred repeatedly in its trade or business and were capable of deceiving a substantial portion of the purchasing public.

191. Defendants aforesaid conduct is an unlawful act and violates the CFA.

192. N.J.S.A. § 56:8-2.2 prohibits “the advertisement of merchandise as part of a plan or scheme not to sell the item or service so advertised or not to sell the same at the advertised price.”

193. Defendants advertised for sale real estate, cost of rehabilitation, and property management services.

194. Defendants advertised for sale real estate, cost of rehabilitation, and property management services as part of their plan or scheme not to provide the cost of rehabilitation or property management services.

195. Defendants advertisement of rehabilitation services and property management services as part of a plan or scheme not to provide same is an unlawful practice and a violation of the CFA.

196. N.J.S.A. § 56:8-2.11 provides that “Any person violating the provisions of the CFA shall be liable for a refund of all monies acquired by means of any practice declared herein to be unlawful.”

197. As a result of Defendants’ violations of the CFA, Plaintiffs and the other members of the Class have suffered ascertainable losses, which include but are not limited to, the purchase price of the property, the cost of rehabilitation of the real property, costs incurred for municipal files and penalties.

198. As a result of Defendants’ violation of the CFA, Defendants are liable to Plaintiffs and the other members of the Class.

COUNT TWO
(Breach of Contract)
(As to Defendants Clayton B. Morris, Morris Invest,
Blue Sky Property Management, and
JP Anderson Realty Group d/b/a Oceanpointe Property Management)

199. Plaintiffs, on behalf of themselves and all others similarly situated, repeat and reallege all prior allegations as if set forth at length herein.

200. Plaintiffs entered into a purchase agreement with Defendant Clayton B. Morris providing that, for the purchase price of each Rental Property, Defendant would sell the properties to Plaintiffs, rehabilitate the properties, and guarantee the rehabilitation of the properties.

201. Plaintiff Jihua Liu entered into a property management agreement with Blue Sky Property Management whereby Blue Sky Property Management agreed to “maintain and repair” the property.

202. Similarly, Plaintiff PH53 LLC entered in a property management agreement with “Oceanpointe” whereby “Oceanpointe” agreed to provide “maintenance services.”

203. Plaintiffs fully performed their obligations under the contracts.

204. Pursuant to the representations in the contracts, Defendants were obligated to rehabilitate and maintain the properties. This did not occur.

205. Defendants breached the purchase agreement with Plaintiffs by accepting the funds from Plaintiffs intended to purchase and rehabilitate the properties, then failing to rehabilitate the properties.

206. Plaintiffs gave consideration that was fair and reasonable, and have performed all of the conditions, covenants, and promises required to be performed under the Contract.

207. As a result of Defendants’ breach of contract, Plaintiffs have suffered and will continue to suffer damages in an amount to be determined at trial. Moreover, Plaintiffs suffered

and continue to suffer reasonable and foreseeable consequential damages resulting from such breaches.

COUNT THREE
(Unjust Enrichment)
(As to All Defendants)

208. Plaintiffs, on behalf of themselves and all others similarly situated, repeat and reallege all prior allegations as if set forth at length herein.

209. Defendants' acts and/or omissions allowed them to gain millions of dollars in profits that would not have been gained, but for their wrongful conduct.

210. As a result of the unlawful and unconscionable practices of the Defendants as described in the preceding paragraphs, the Defendants have obtained and retained significant monies to which they have no lawful claim, and have accordingly been unjustly enriched.

211. Plaintiffs and the other members of the Class have suffered damages as a result.

212. By and through the various practices described herein, Defendants received and continue to receive a non-gratuitous benefit, retention of which without disgorgement of its illgotten profits is unjust.

213. The Plaintiffs and the other members of the class reasonably expect and expected that Defendants would only charge fees for a service for which they would be provided, and as Defendants have acted beyond the bounds of commercial reasonableness and fairness and without a legal enforceable contractual right to do so, Defendants have been unjustly enriched beyond the bounds of its rights.

214. Plaintiffs and the other members of the Class seek disgorgement of all unjustly retained profits which have been obtained through Defendants' unfair, unlawful, misleading and deceptive means described with particularity in the foregoing paragraphs of this Complaint.

Defendants' collection and retention of the fees outlined herein violates the fundamental principles of justice, equity and good conscience and unjustly enriches Defendants.

COUNT FOUR
(Civil Conspiracy)
(As to All Defendants)

215. Plaintiffs, on behalf of themselves and all others similarly situated, repeat and reallege all prior allegations as if set forth at length herein.

216. Defendants entered into a conspiracy to wrongfully and tortiously charge Morris Invest customers for products or services for which Defendants never intended to provide.

217. Defendants entered into a conspiracy to wrongfully and tortiously charge Morris Invest customers for products or services for which Defendants had no means to provide.

218. Defendants understood the general objectives of the scheme, accepted them, and agreed to do their part to further them.

219. Defendants acted in concert and agreed upon the misleading representations and unlawful conduct as described above.

220. Defendants mutually agreed to inflict harm upon Plaintiffs and the Class Members as described above.

221. Defendants engaged in the overt acts described above in furtherance of their scheme, causing harm to Plaintiffs and the Class Members.

WHEREFORE, Plaintiffs, on behalf of themselves and all others similarly situated, demands judgment against the Defendants as follows:

- a) Certifying a Class, as defined herein, pursuant to Rule 4:32(b)(3) and naming Plaintiffs as class representatives and their counsel of record as Class Counsel;
- b) Disgorgement and restitution to Plaintiffs and the Class Members of all monies received or collected from Plaintiffs and the Class Members for rehabilitation;
- c) Refund of all monies received or collected from Plaintiffs and the Class Members in connection with the purchase of real property pursuant to N.J.S.A. § 56:8-2.11;
- d) Awarding actual, consequential, punitive, statutory, and treble damages, jointly and severally, as to all Defendants;
- e) Awarding all damages allowed by common law, statute, and otherwise;
- f) Awarding reasonable costs and attorneys' fees pursuant to N.J.S.A. 56:8-19;
- g) Awarding applicable pre-judgment and post-judgment interest;
- h) On behalf of Plaintiff and the Class, for such other and further relief as they may be entitled or as the Court deems equitable and just.

NOTICE TO ATTORNEY GENERAL OF ACTION

A copy of this Complaint will be mailed to the Attorney General of the State of New Jersey within 10 days after the filing with the Court pursuant to N.J.S.A. 56:8-20.

JURY DEMAND

Plaintiff demands a trial by jury on all issues so triable.

CERTIFICATION

Pursuant to Rule 4:5-1, I hereby certify, to the best of my knowledge, that the matter in controversy is not the subject of any other action pending in any court or the subject of a pending arbitration proceeding, nor is any other action or arbitration proceeding contemplated. I further certify that I know of no party who should be joined in the action at this time.

THE WOLF LAW FIRM, LLC
Attorneys for Plaintiff

Dated: May 10, 2019

By: s/Lisa R. Bouckennooghe
Lisa R. Bouckennooghe, Esq.